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Chief, Economic Research, ORR

3 February 1959

Chief, Industrial Division, ORR

Monthly Report, January 1959

I. Relations with and Support to Other Components:

A. CIA:

1. At the urgent request of the DD/I, a paper was prepared discussing the ICBM production implications of the 27 January Khrushchev statement. On the given assumption that series production of ICBMs began at the beginning of January 1959, an analysis was made of Soviet capabilities to produce and deploy ICBMs through mid-1962, and an estimate was made of the most probable Soviet ICBM program during that time period.

2. Chief, I/GM, presented a briefing to the DD/I and all intermediate echelons of ORR on the progress made and some of the problems encountered by the Branch since its expansion a year ago. As a result of this briefing, a systematic review of the mission and functions, activities, and personnel resources of the Branch has been initiated by D/Ch/E.

3. A formal request was received from Chief, SR for a series of detailed target studies of selected guided missile facilities in the USSR. The DD/P request is being filled jointly by ORR and OEI. Within ORR, arrangements have already been made for considerable support to I/GM from both I/MC and D/GC/U.

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4. [REDACTED] (I/GM) gave a presentation on the probable role of Sverdlovsk in the Soviet guided missile production program at the CIA Guided Missile Forum conducted by OSI on 28 January.

5. On the basis of an informal request from DD/F, I/GH prepared an evaluation of a [REDACTED] report on Soviet nuclear submarines. This evaluation arrived at conclusions which were not consistent with those reached in a CIB item prepared by JAEIC. After this evaluation was forwarded to DD/F,

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representatives from the Industrial Division held meetings with representatives from DD/P, OCI and OSI to discuss the problem. As a result of these meetings and after several "official" redrafts, the CIB item was considerably changed to become somewhat less unsatisfactory.

25X1B4d 6. The [REDACTED] 25X1B4d on the Hound Helicopter Production in the USSR. After reviewing this item, D/I and Ch/St/FM decided that certain additional steps should be taken to acquire additional information before the paper is published.

25X1B4d 7. [REDACTED] 25X1A8a and [REDACTED] Staffs were notified of I/EE's interest in a recent shipment of Soviet electronic equipment, imported by a U.S. firm. We were informed that initial investigation is underway to determine the availability of this equipment for exploitation, and will be informed of the results.

B. USIB Committees:

8. [REDACTED] 25X1A9a (I/GM) has been appointed CIA member of a newly-formed GMIC Ad Hoc Working Group on Missile Launching Sites. At a meeting of the Working Group called to consider a special request from Chairman, GMIC for a study of Soviet missile deployment, [REDACTED] 25X1A9a presented ORR's findings as a result of extensive research performed for Project No. 37.2122, (Analyst: [REDACTED] 25X1A9a. The paper forwarded by the Working Group to GMIC was based largely on the CIA/ORR view.

C. Other:

9. In response to a request from the White House Staff (General Goodpaster), Chief and Deputy Chief, I/GM and Chief, D/I, prepared an overnight comment on Khrushchev's statement on series production of ICBMs made to the 21st Party Congress in Moscow on 27 January. This paper was transmitted to the President by the DCI. Subsequently, the Branch participated in the preparation of a Current Intelligence Bulletin item on the Khrushchev statement which was based on the memorandum prepared for the White House.

10. Chief, I/ME, with [REDACTED] 25X1A9a of A/U, was consulted by Mr. Walsh of the Office of the Assistant Secretary of Defense

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(Comptroller) regarding certain aspects of Mr. Zverev's budget speech for 1959.

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11. [REDACTED] (I/PE), Chief, D/I and Ch/E met with representatives of [REDACTED] to discuss various aspects of [REDACTED] new project on costing of Soviet air programs. Several basic issues involved in [REDACTED]'s approach were discussed and suggestions were made. Much background information was passed on [REDACTED] representatives but complete exchange is hampered by [REDACTED] reluctance to give the necessary clearances to its principal analyst. Discussions are still going on at a Secret level.

25X1A9a 12. [REDACTED] (I/PE) was consulted on three different occasions by Department of Commerce employees for his views on the use of COMTRA statistics in arriving at estimates of U.S. machine tool production. (Incidentally, the Soviets still use U.S. Bureau of Census statistics which show the U.S. is ahead of them in machine tool production. Department of Commerce statistics, based on COMTRA reports, show that U.S. production is well behind that of the USSR).

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25X1A9a 13. [REDACTED] briefed [REDACTED] on USSR machine tool industry ([REDACTED] has reported this briefing in a memorandum to the Special Assistant, DCI).

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25X1X7 14. [REDACTED] of I/EE participated in the [REDACTED] Intelligence Conference on Soviet Bloc Electronics, held [REDACTED] during 12-23 January 1959.

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25X1A9a 16. [REDACTED] (I/PE) briefed [REDACTED] Chief, Logistics Division, Ord. Tech. Intelligence, D/A, and three of his analysts on the research program of I/PE.

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II. Changes in Estimates:

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17. Support was also provided by [REDACTED] (I/QM) to OSI and CMIC in the case of the Z-class submarines. After prolonged consideration by CMIC extending through four meetings on the subject, the controversy between the Navy and the remainder of the Community over whether the modified Z-class submarines were "probably" or "possibly" equipped with ballistic missiles was

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left unresolved by a CMIC statement to USIB that this was a "distinct possibility", along with a Navy footnote that it was "the most plausible explanation".

18. The Khrushchev ICBM statement is (just) consistent with current estimates, and CMIC has recommended to USIB that "it would not be appropriate to re-examine the naval portion of NIE 11-5-58" at the present time with respect to the new evidence on Z-class submarines and the probable guided missile destroyers.

19. As a result of research on the Electronics Industry of Communist China, I/EE has revised upward its estimates of total output of this industry. An average annual rate of growth of approximately 80% is indicated to have occurred in this industry since 1955. These estimates are incorporated in ORR Project 36.2065, now being readied by I/EE for divisional review.

III. Future Plans:

20. Final preparations have been made for the ORR participation in the forthcoming [redacted] Conference on Guided Missile Intelligence in [redacted] (5-20 February). Chief, I/GM, 25X1X7 will be a member of the four-man CIA delegation. A detailed, annotated outline of the U.S. paper on Soviet missile production which ORR has been asked by CMIC to present at the Conference has been prepared and coordinated (Project No. 37.2449). Chief, I/GM, will also present the U.S. reply to 25X1X7 a paper to be presented by the [redacted] on Soviet missile deployment. Following the Conference, [redacted] will proceed to [redacted] for conference with and support 25X1A6a 25X1A6a to Agency personnel concerned with guided missile activities at those Stations. He will not return to Headquarters until the first week of March. 25X1A6a

IV. Problems:

21. To date I/EE has been unable to obtain copies of reports of a U.S. Delegation on Automation to the USSR. These reports were provided to the U.S. Navy and are scheduled for publication by the U.S. Department of Commerce. A request for copies is being forwarded to St/I through D/I.

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22. ERA reviewers continue to find numerous deficiencies in service contributions to NIS Section 64. I/SH has scheduled conferences with ONI to discuss corrections in the ONI draft on Soviet shipbuilding. The contribution on Soviet missiles, which under NIS allocations, has been prepared by the Army, is to be coordinated through OMIC. Review of the contribution from Ordnance Technical Intelligence Agency (OTIA) dealing with East German military explosives production has been protracted by differences between OTIA and M/CH and will require further consultation. These reviews continue to be time consuming, particularly since the Agency coordinators are charged with the responsibility, but not the authority, to produce coordinated contributions.

23. During the latter part of the month, a representative of the Medical Staff was tuned in on the electronic problem which pervades I/GM's premises. Although he viewed with disinterested alarm and thought something should be done, he declined (even though requested) to administer professional treatment to the jangled nerves of the long-suffering occupants or to the vibrating disk of the Deputy Branch Chief.

Subsequently, during the worst of the Khrushchev crisis, an emissary of the Administrative Staff appeared, who set forth as an official proposal the recommendation that an FM radio be provided to offset or outdrawn the noxious emanations from the Watch Office. The members of I/GM are to be commended for the restraint with which the St/A representative was dispatched (no visible bodily harm). The perpetrator of this scheme (who, out of common decency, shall not be identified herein) is to be commended for: (a) his imaginative approach to the problem and (b) his wisdom in sending an emissary to make the proposal.

V. Other Matters:

24. The campaign sponsored by [REDACTED] (I/GM) to divert funds from the exchange of Christmas cards among ONR colleagues to something more in keeping with the spirit of Christmas, such as a special donation to CARE, resulted in the collection of \$66.52 from members of ONR. The donation was made anonymously to CARE. It is recommended that the foregoing be passed on to D/Ch/E and AD/RR, both of whom have expressed considerable interest in [REDACTED] idea.

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25. [REDACTED] (I/CM) accompanied by his w/o
and family, departed for [REDACTED] on a two-year PCS 25X1A6a
assignment in support of DD/P's program of interrogation
25X1X7 [REDACTED] This program has continued to pro-
duce unique guided missile intelligence of extreme importance
during the past month.

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